

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 9556-M
KENTUCKY GAS COMPANY)	

O R D E R

On October 31, 1986, the Commission issued its Order in Case No. 9556 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On January 2, 1990, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective February 1, 1990 and is to remain in effect until April 30, 1990.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

(1) Western's notice of January 2, 1990 set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on to its customers the wholesale increase in gas costs from its suppliers in the amount of 18.0 cents per Mcf, including take-or-pay billings. Western's expected gas cost for the quarter beginning February 1, 1990 is \$3.3491 per Mcf, a 32.36 cent per Mcf increase over Western's base cost of gas.

(2) Western's notice set out a total refund adjustment of .12 cents per Mcf, which returns the remaining refunds from previous quarters. The change from last quarter's total refund adjustment results in an increase of .13 cents per Mcf.

(3) Western's notice set out a current quarter actual adjustment in the amount of 2.74 cents per Mcf to compensate for under-recovery of gas cost by the company through the operation of its gas cost recovery procedure during the months of August, September, and October 1989. The total actual adjustment of (8.62) cents per Mcf, which is designed to correct the current under-recovery as well as under- and over-collections from three previous quarters, results in a 1.28 cent per Mcf decrease in Western's retail rates.

(4) Western's notice set out a balance adjustment in the amount of .84 cents per Mcf, which replaces the previous adjustment of .83 cents per Mcf. This balance adjustment compensates for under-collections which occurred as a result of previous actual and balance adjustments. The effect on retail rates is a .01 cent per Mcf decrease.

(5) Western proposed a GCA of 24.46 cents per Mcf. This adjustment represents the combined effect of the supplier increase, and the refund, actual, and balancing adjustments. The effect on retail rates is a 16.86 cent per Mcf increase.

(6) Western's adjustments in rates under the provisions approved by the Commission in its Order in Case No. 9556 dated

October 31, 1986, are fair, just, and reasonable and in the public interest and should be effective with final meter readings on and after February 1, 1990.

(7) In filing to recover take-or-pay billings from its suppliers, Western currently submits aggregate amounts as part of its expected gas cost computation. In order to allow the Commission to more fully monitor the effect of take-or-pay billings on Western and its customers, Western should file all tariff sheets and related computations supporting annualized take-or-pay charges reported in its Exhibit B. Western should file this information for the instant filing as well as all future GCA filings.

(8) Western's filing of January 2, 1990 included supplementary information concerning its actual adjustment for which it requested confidentiality. Confidentiality should be granted pending Commission review of all other gas supply confidentiality requests.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order, attached hereto and incorporated herein, are fair, just, and reasonable and are approved effective with final meter readings on and after February 1, 1990.

(2) The GCA shall be 24.46 cents per Mcf effective with final meter readings on and after February 1, 1990.

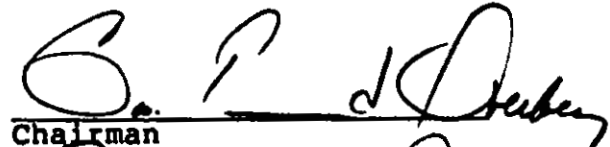
(3) Within 30 days of the date of this Order, Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

(4) Within 10 days of the date of this Order, Western shall file with this Commission the take-or-pay documentation as described herein. This documentation shall be included in each future filing.

(5) Western's supplemental information shall be accorded confidential treatment pending Commission review of all gas supply confidentiality requests.

Done at Frankfort, Kentucky, this 1st day of February, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9556-M DATED 2/01/90

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: All Gas Rates Schedules

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$.2446 per Mcf of gas used during the billing period.

The base rate for the future application of the purchased gas adjustment clause of Western Kentucky Gas Company shall be:

Texas Gas Transmission Corp.

	<u>Demand-1</u>	<u>Demand-2</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$4.04	\$.1246	\$2.9149	-0-
G-3	4.09	.1394	2.9459	-0-
G-4	4.32	.1478	2.9541	-0-
		<u>Zone 2</u>	<u>Zone 3</u>	<u>Zone 4</u>
Other Purchases		2.4879	2.5057	2.5068

Tennessee Gas Pipeline Co.

			<u>Commodity</u>	<u>Gas Rate</u>
GS-2	-0-	-0-	.5812/Dth	3.1649
Other Purchases			2.55	
Local Producers		-0-	-0-	2.7235/Dth